

Legislative Fiscal Bureau

Fiscal Note

SF 205 - Reorganization Incentives Modification (LSB 1022 XS)

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Fiscal Note Version — New

Description

School districts with fewer than 600 students that merge or dissolve will receive a \$1.00 reduction in their Uniform Levy Property Tax beginning the year before the merger or dissolution. Over the next three years, the Levy increases back to the standard \$5.40 per \$1,000 of taxable value. Senate File 205 makes changes to the school reorganization incentives so that the school district with more than 600 students that merges with a school district with fewer than 600 students receives the same incentive amount as the smaller school district. The General Fund State Aid will increase to offset the reduction in property tax related to the school reorganization incentive received by certain districts who merge or dissolve.

Assumptions

1. Fox Valley, Van Buren, and Davis County school districts are very likely to merge in FY 2005. Two other groups of school districts may merge: (1) Morning Sun and Wapello may merge into one district; and (2) Sumner, Fredericksburg, and Tripoli may also merge into one district.
2. Taxable valuations are projected to increase by 2.0% in FY 2004 and FY 2005 and by 1.0% in FY 2006.
3. Under current law, school districts with fewer than 600 students that merge or dissolve will receive a reduction to the Uniform Levy. The General Fund costs estimates are:

Fiscal Impact

Senate File 205 is projected to reduce Uniform Levy property taxes for the larger school districts by the following amounts. The General Fund State Aid to these school districts will increase by an equal amount to offset the reduction in property tax.

New General Fund Costs Created by the SF 205

<u>Reorganizing Districts</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Very Likely to Merge</u>		
Van Buren	\$ 45,481	\$ 23,195
Davis County	45,481	23,195
Total	<u>\$ 90,962</u>	<u>\$ 46,390</u>
<u>May Merge</u>		
Sumner	\$ 107,672	\$ 54,913
Wapello	\$ 45,214	\$ 23,059

It is likely that there will be an increase in General Fund cost of \$90,000 in FY 2005 and \$46,000 in FY 2006. If the other potential mergers occur, the General Fund costs will increase by the amounts shown for Sumner or Wapello or both.

Source

Department of Education

/s/ Dennis C Prouty

April 17, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
